

REPORT

INFORMATION REPORT

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COUNTRY East Germany

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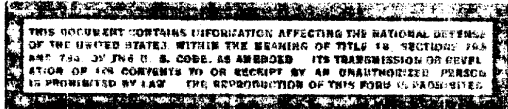
SUBJECT Situation Report on the East German Pharmaceutical Industry NO. OF PAGES 2

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SUPPLEMENT TO REPORT NO 25X1



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1. The present situation in the pharmaceutical sector of East German industry is extremely serious. The situation to be anticipated for 1954 on the basis of 1953 conditions is even worse. This unfavorable situation was brought about by a number of factors connected with the state planning of pharmaceutical trade.
2. Up to 1952, the pharmaceutical trade was carried on by both the state organization DHZ Pharmazie und Krankenhausbedarf and by private trade enterprises. In 1952, the state began to liquidate the private pharmaceutical trade, with the result that early in 1953 only one private enterprise was in existence, the Ernst Rudloff firm in Potsdam-Babelsberg. 1/ Then the 1953 plan for the production of pharmaceutical products was drawn up, the planners took over the statistical data for demand from both the DHZ and the private enterprises. On this basis, the plan forced DHZ to acquire pharmaceutical products in the amount of about 75 million DME. Sale of the products by DHZ in 1953, however, met with great difficulties from the beginning. First, DHZ was unable to reach all customers, particularly those in regions distant from main traffic centers. Secondly, order and delivery of products were hampered by a bureaucracy which had not existed for private trade. Thirdly, the Social Insurance (SVK) started a saving drive which lasted from early 1953 until the initiation of the "new line" of the Government. During this period, doctors were no longer authorized to prescribe standard packages of tablets but only limited numbers. For instance, aspirin tablets were prescribed in two's and three's. From March to June 1953, absolutely no penicillin could be prescribed for private patients. The result of these and other economy measures was that by 1 June 1953 DHZ had an unsold surplus supply of 16 million DME. A surplus supply of pharmaceutical products is defined as the supply which is not sold within 54 days. 2/ By 31 August 1953, the DHZ surplus supply had increased to 25 million DME.
3. Relatively early, the Sales Department of the Ministry for Health, recognized this situation and, at its instigation, DHZ demanded that, beginning in March 1953, its purchase contracts with the people's-owned

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